

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF
THE SUSPENSION OF THE
CERTIFICATE OF AUTHORITY FOR:

Trenwick America Reinsurance Corporation
1499 Post Road, Second Floor
Fairfield, CT 06824

ORDER OF SUSPENSION

WHEREAS, the Director of the Illinois Department of Insurance ("Director"), is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of the State; and

WHEREAS, TRENWICK AMERICA REINSURANCE CORPORATION (TRENWICK), a CONNECTICUT, domiciled insurer, has been issued a Certificate of Authority to transact insurance business in this State pursuant to Section 5/113 of the Illinois Insurance Code (215 ILCS 5/113); and

WHEREAS, Trenwick has filed with the Department financial statements for the period ending December 31, 2009; and

WHEREAS, the aforementioned financial statements reflect policyholders' surplus of \$29,474,000 and total liabilities of \$112,515,000 resulting in a ratio of 0.262; and

WHEREAS, the aforementioned financial statements reflect total liabilities of \$112,515,000 and liquid assets as defined by the Illinois Department of Insurance of \$109,874,000 resulting in a ratio of 1.02; and

WHEREAS, on September 2, 2003, Trenwick executed a confidential Consent Order with the Connecticut Insurance Department, which placed restrictions on Trenwick's activities; and

WHEREAS, Trenwick's former parent, Trenwick America Corporation, was reorganized and succeeded by Trenwick America LLC pursuant to the Second Amended Plan of Reorganization approved by the United States Bankruptcy Court for the District of Delaware; and

WHEREAS, it is evident that TRENWICK is in such financial condition that the further transaction of business in Illinois would be hazardous to policyholders and creditors in this state and to the public; and

WHEREAS, Section 5/119(2) of the Illinois Insurance Code (215 ILCS 5/119(2)) allows for an immediate suspension before a hearing in such instances;

NOW, THEREFORE, IT IS ORDERED pursuant to Section 5/119(1)(c) of the Illinois Insurance Code (215 ILCS 5/119(1)(c)) that the Certificate of Authority of TRENWICK to transact insurance business in this State is hereby suspended, effective immediately, for a period of two years or until such a time TRENWICK can demonstrate to the Director of Insurance that it is not in violation of 215 ILCS 5/119 of the Illinois Insurance Code (215 ILCS 5/119).

IT IS FURTHER ORDERED that during the term of this suspension; TRENWICK shall write no new policies in Illinois, nor shall any existing policies be renewed, except upon the demand of a policyholder exercising a unilateral guaranteed right of renewal under a policy issued prior to the date of this Order. TRENWICK shall nonrenew, after giving the appropriate notice to policyholders as required by statute or by contract, all inforce Illinois policies, except those which are guaranteed renewable or noncancellable or required by statute to be renewed due to failure or inability to provide adequate notification that its Illinois Certificate of Authority has been suspended and to inform such policyholders of their options to continue coverage provided under such contracts.

TRENWICK may request a hearing pursuant to Sections 5/119 and 5/402 of the Illinois Insurance Code (215 ILCS 5/119 and 5/402). Upon filing of a written request for a hearing with the Director within twenty (20) days of receipt of this Order, the Director will issue and serve upon TRENWICK a Notice of Hearing in this matter. This Order shall not be stayed by the request, and shall remain in full force and effect during the pendency of such hearing. 50 Ill. Adm. Code 2402 governs hearings before the Director of Insurance and Section 408(5) of the Illinois Insurance Code (215 ILCS 5/408(5)) provides that the costs of the hearing may be assessed against the parties.

IT IS FURTHER ORDERED, that the Order shall in no way affect or impair the company's right or duty to pay policyholder claims.

Nothing contained herein shall limit the Director's remedies or prevent the Director of Insurance from taking any and all appropriate action should *Trenwick* violate any provision of the Illinois Insurance Code, Illinois insurance regulations, or any provision contained in this Order of Suspension.

DEPARTMENT OF INSURANCE

Date 14 June 2010



Michael T. McRaith
Director of Insurance